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15 UNITED STATES DISTRICT COURT  
16 SOUTHERN DISTRICT OF CALIFORNIA

17 BRUCE J. STANIFORTH,,

18 Plaintiff,

19 v.

20 TOTAL WEALTH MANAGEMENT,  
21 INC.; et al.,

22 Defendants.

23 Case No. 3:14-cv-01899 GPC (JLB)

24 JOINT STATUS REPORT RE:  
25 RECEIVERSHIP ACTION STYLED  
SEC V. TOTAL WEALTH  
MANAGEMENT, INC., ET AL.

26 Judge: Hon. Gonzalo P. Curiel

27 **TO THIS HONORABLE COURT, ALL PARTIES, AND THEIR  
28 COUNSEL OF RECORD:**

29 **PLEASE TAKE NOTICE THAT**, in accordance with this Court's  
30 November 30, 2017 order directing the parties to file a status report regarding the  
31 status of the related Securities and Exchange enforcement and receivership action  
32 styled SEC v. Total Wealth Management, Inc., et al., USDC, S.D. Cal. Case No. 15-  
33 cv-226 BAS (DHB) (the "Receivership Case"), Thomas A. Seaman (the "Receiver")  
34 and plaintiff Bruce J. Staniforth, hereby submit the following Joint Status Report:

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1 **I. RELEVANT STATUS.**

2 **A. Status Of Receivership Case And Litigation Stay.**

3 The Receivership Case remains pending before the Honorable Cynthia  
 4 Bashant, and the litigation stay imposed pursuant to Judge Bashant's February 12,  
 5 2015 "(1) Preliminary Injunction, Appointment of a Permanent Receiver, and  
 6 Related Orders; and (2) Order Vacating Hearing on Preliminary Injunction" (the  
 7 "Appointment Order"<sup>1</sup>) (Receivership Case Dkt. No. 8), remains in place. This  
 8 Court applied the litigation stay to the of the above-entitled action on May 12, 2015,  
 9 except as to non-receivership Defendants. (Dkt. No. 57.)

10 **B. Receiver's Asset Recovery Efforts.**

11 As reflected in the Receiver's recently submitted Sixth Interim Report and  
 12 Petition for Instructions (Receivership Case Dkt. No. 204), the Receiver is presently  
 13 holding approximately \$3.4 million for the benefit and administration of the  
 14 Receivership Entities, but continues in his efforts to recover additional funds,  
 15 largely via two separate litigation matters.

16 The first is an action against Private Placement Capital Notes II, LLC and its  
 17 principal, Anthony Hartman (collectively, "PPCN"), seeking the return of more than  
 18 \$20 million in investor funds invested in PPCN, plus interest and other fees. The  
 19 action is styled Seaman v. Private Placement Capital Notes II, LLC, et al., USDC,  
 20 SD Cal. Case No. 16-cv-0578 BEN (DHB) (the "PPCN Action"). The PPCN Action  
 21 is currently before a Ninth Circuit mediator, and a resolution is expected within the  
 22 next sixty (60) days.

23 The second is a recently settled malpractice action styled Seaman v. Lively, et  
 24 al., San Diego Superior Court Case No. 37-2016-00003644-CU-PN-CTL (the

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 27 <sup>1</sup> As reflected in prior submissions to this Court, the litigation stay imposed by the  
 28 Appointment Order applies only to those entities placed into receivership,  
 including Total Wealth Management, Inc. and its subsidiaries and affiliated,  
 including but not limited to Altus Capital Management, LLC (collectively, the  
 "Receivership Entities").

1 "Malpractice Action"), in which the Receiver alleged that certain pre-receivership  
 2 counsel caused, aided, or abetted the Receivership Entities' fraud, in the form of  
 3 failure to disclose the existence of revenue sharing agreements and attendant  
 4 conflicts of interest. The Receiver has entered into a Court-approved, confidential  
 5 settlement with the defendants to the Malpractice Action, as well as with Defendant  
 6 Jacob Cooper (who was prosecuting a similar action) in connection with the  
 7 Malpractice Action. In April 2018, the Receiver filed a Motion for Order Awarding  
 8 Settlement Funds seeking payment of the proceeds paid pursuant to the settlement  
 9 ("Motion for Settlement Funds", Receivership Case Dkt. No. 208-1). Briefing on  
 10 the Motion for Settlement Funds is completed and there will not be a hearing. The  
 11 Receiver is awaiting the Court's order.

12 **C. The Claims Process.**

13 In November 2016, the Receiver developed and proposed summary claims  
 14 procedures whereby investors in and creditors of the Receivership Entities could  
 15 submit claims for repayment against the Receivership Entities. (Receivership Case  
 16 Dkt. No. 124.) On February 27, 2017, the Court approved the Receiver's proposed  
 17 claims procedures, and established a claims bar date of May 8, 2017. (Receivership  
 18 Case Dkt. No. 137.) The Receiver has completed his processing of approximately  
 19 300 claims, and has determined a proposed treatment of the claims, which has been  
 20 statistically validated. He expects to file an omnibus motion for an order approving  
 21 his recommended treatment of claims within the next forty-five (45) days. Plaintiff  
 22 Staniforth submitted a timely claim.

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## II. CONCLUSION.

For the foregoing reasons, and particularly given the continued pendency of the Receivership Case, the Receiver's continuing asset recovery efforts, and the pending claims process, the Receiver respectfully requests that this Court continue its stay of the above-captioned matter pending further updates from the Receiver, at least as to the Receivership Entities. Plaintiff Staniforth has no objection.

Dated: June 28, 2018

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